

HOUSE BILL 3256

By Johnson P

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 6, relative to sales and use tax on food
and food ingredients.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-228, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a) Notwithstanding any provision of this part to the contrary, except as otherwise provided in subsection (b), the retail sale of food and food ingredients for human consumption shall be taxed at the rate of five percent (5%) of the sales price.

SECTION 2. Notwithstanding any provision of law to the contrary, in accordance with estimates developed by the department of revenue each year, a sum shall be earmarked and allocated from the general fund each fiscal year in order to substantially reimburse counties and municipalities for loss of revenue resulting from the provisions of Section 1 of this act. For fiscal year 2008-2009 and for any subsequent fiscal year, the department of revenue shall estimate for each county and municipality the loss of sales tax revenue resulting from decreasing the state rate of taxation on food and food ingredients from five and one half percent (5.5%) to five percent (5%) as provided in Section 1 of this act.

SECTION 3. This act shall take effect July 1, 2008, the public welfare requiring it.